



**STRATEGY  
RESEARCH  
PROJECT**

The views expressed in this paper are those of the author and do not necessarily reflect the views of the Department of Defense or any of its agencies. This document may not be released for open publication until it has been cleared by the appropriate military service or government agency.

**CIVILIAN INDUSTRY HUMAN RESOURCE TRANSFORMATION:  
WHAT CAN WE LEVERAGE?**

**BY**

**LIEUTENANT COLONEL KENNETH H. CLARK, JR.**  
United States Army

**DISTRIBUTION STATEMENT A:**  
Approved for Public Release.  
Distribution is Unlimited.

**USAWC CLASS OF 2002**



**U.S. ARMY WAR COLLEGE, CARLISLE BARRACKS, PA 17013-5050**

**20020502 043**

USAWC STRATEGY RESEARCH PROJECT

**CIVILIAN INDUSTRY HUMAN RESOURCE TRANSFORMATION: WHAT CAN WE LEVERAGE?**

by

LIEUTENANT COLONEL KENNETH H. CLARK, JR.  
United States Army

Colonel Ruth B. Collins  
Project Adviser

The views expressed in this academic research paper are those of the author and do not necessarily reflect the official policy or position of the U.S. Government, the Department of Defense, or any of its agencies.

U.S. Army War College  
CARLISLE BARRACKS, PENNSYLVANIA 17013

**DISTRIBUTION STATEMENT A:**  
Approved for public release.  
Distribution is unlimited.



## ABSTRACT

AUTHOR: LTC KENNETH H. CLARK, JR  
TITLE: CIVILIAN INDUSTRY HUMAN RESOURCE TRANSFORMATION: WHAT CAN WE LEVERAGE?  
FORMAT: Strategy Research Project  
DATE: 03 April 2002 PAGES: 31 CLASSIFICATION: Unclassified

The Army's need to transform to a more mobile force and meet the demands of the 21st century has led to a re-evaluation of the current way the personnel community conducts its day-to-day operations. It is obvious that a successful transformation of the Army as an institution depends heavily on the successful transformation of its internal functions. In order to become a more efficient and effective organization and meet the needs of the Army of the future, can we in the human resource profession learn from the transformation efforts of the civilian industry? Where is the civilian industry outpacing the military and/or the government industry? This paper outlines human resource transformation ideas and concepts currently ongoing or in the development stages within the civilian industry.



## TABLE OF CONTENTS

ABSTRACT .....	iii
LIST OF ILLUSTRATIONS.....	vii
CIVILIAN INDUSTRY HUMAN RESOURCE TRANSFORMATION: WHAT CAN WE LEVERAGE? .....	1
THE NEW ECONOMY .....	2
EMERGING HUMAN RESOURCE PRACTICES.....	4
OUTSOURCING.....	4
SMART CARD TECHNOLOGY .....	5
SELF-SERVICE, WEB-ENABLED TECHNOLOGY.....	6
METRICS AND ORGANIZATIONAL EFFECTIVENESS.....	7
VARIABLE PAY AS COMPENSATION.....	8
COACHING AND MENTORING .....	9
HUMAN RESOURCE PRODUCT DEVELOPMENT TEAM.....	11
STRATEGIC INVESTMENT IN TRAINING DEVELOPMENT .....	12
SCENARIO PLANNING.....	13
FUTURE CHALLENGES FOR HR IN THE NEW ECONOMY .....	13
COMPARATIVE APPROACHES .....	14
CONCLUSION.....	16
ENDNOTES .....	17
BIBLIOGRAPHY.....	21



## LIST OF ILLUSTRATIONS

FIGURE 1. GTE'S HR BALANCED SCORECARD .....	8
---	---



## CIVILIAN INDUSTRY HUMAN RESOURCE TRANSFORMATION: WHAT CAN WE LEVERAGE?

Today's competitive environment allows little tolerance for departments or functions that exist solely as overhead. In order to be competitive in today's environment, organizations are rapidly discovering the need to align human resource (HR) decision-making and HR compartments closer to the forefront or the hub of line unit activity.<sup>1</sup> Additionally, trimmed down human resource staffs are increasingly expected to take on a larger strategic partner role while reducing the cost of HR systems and improving the quality of service. The increase in attention has added pressure and caused organizational leaders, and HR managers to pause, evaluate their department's current roles and, objectives and redefine new ones.

Competition, globalization and continuous change in markets and technology are the principal reasons for the transformation of human resource management.<sup>2</sup> Human resources departments must take the lead role in managing a cultural transformation by shaping the mind set and behaviors that impact the organization's operational outcome. Therefore, leaders who manage the human resources function always have and always will be essential assets in the organization and are key to improving productivity.

A fundamental challenge confronting Department of Defense (DoD) is ensuring that U.S. forces have the capabilities they need to carry out the new defense strategy and meet the demands of the 21st century.<sup>3</sup> This will not be easy; the Quadrennial Defense Review (QDR) specifies that funding for technology research will have to be increased significantly.<sup>4</sup> While America's businesses have streamlined and adopted new business models to react to fast-moving changes in markets and technologies, the Defense Department has lagged behind.<sup>5</sup> Today and well into the foreseeable future, DoD will rely on the private sector to provide much of the leadership in developing new technologies.<sup>6</sup>

The Department of Defense must transform its business processes and infrastructures to both enhance the capabilities and creativity of its employees and free up resources to support warfighting and the transformation of military capabilities.<sup>7</sup> As in business, entire functions need to be eliminated.<sup>8</sup> In both organizational structure and military culture, DoD must find ways to encourage and reward innovation and risk-taking among fighting forces as well as support personnel.

Our senior military and civilian leaders have asked us to find better ways of conducting business practices, encouraging us to find and implement new ideas from private enterprise.<sup>9</sup> Can personnel leaders in the Army learn from HR approaches in the civilian industry? By examining the practices of the private sector, Army personnel leaders can learn from the

successes, mistakes and approaches used to transform civilian human resources into the 21st Century. This does not imply that everything new in the industry world will support our needs or apply to our way of doing business, but knowing and considering civilian HR innovations and trends should open our minds to improvements we can incorporate into our HR practices.

A number of experiments are underway, which involve shared services, new technology, strategic partnership and other forms of governance of HR departments. This paper reviews several of those practices through case studies, essays and research into the human resource transformation efforts of the civilian industry. Several of these case studies are the consolidated efforts of industry HR experts like the Corporate Leadership Council who examine how civilian HR departments should organize themselves in the "New Economy." The paper offers current and future thinking and possibly, some ideas that may trigger innovative and exciting HR work and cause us to think about the future of HR in the Army.

## **THE NEW ECONOMY**

We are living in a time of staggering social and economic change. Our environment is changing dynamically and sweeping developments are affecting most, if not all, industries to include the armed forces. The continuous and constant changes are causing adjustments within private sector enterprises and forcing civilian organizations to look for opportunities to gain a competitive advantage.

Civilian organizations look for ways to continue their growth strategies to respond to increasing demands for their services. Technological advances have required civilian organizations to enhance the innovative nature of their workforce to ensure they remain up-to-date with rival competitors and market changes. The use of computers and their constantly improving capabilities, linked to vast communication networks, are changing the way organizations in today's economy look and operate.<sup>10</sup>

Civilian industry human resource transformation focuses more on aligning the organization's activities and its structure to better suit the emerging workforce demands presented by the "New Economy."<sup>11</sup> HR strategists play a pivotal role in helping define this fast-evolving economy while shaping the future of their organization.

Several developments contribute to the "New Economy" and are affecting the way business is conducted in most, if not all industries. New sets of strategic challenges are defining this environment and are creating a new world of opportunities and threats for organizations.

First, the way in which personnel and human resources work is done is changing rapidly. The advancement of information technology has brought significant gains to the industry and enhanced the telecommunications capability of many organizations. Processing speed and computing power has increased dramatically. Organizations must respond to customers more quickly, bring needed and wanted products faster to the market, and in general, HR must be more responsive. For example, last year Prudential invested millions of dollars in a Web-based benefits provider to integrate and consolidate benefits delivery communication, and administration. The portal allows for Internet access so that employees can make benefits decisions at work or at home.<sup>12</sup> The impact of technology on the way we conduct day-to-day operations has increased significantly in recent years and the potential for even further advancement is boundless. There are endless new possibilities for how and at what cost and service level HR work can be performed today and tomorrow.

Second, the use of information "e-engineering" technology has increased. Corporations can gather, consolidate, and disseminate information as never before, thereby making possible the involvement in decision making of individuals who need it and value it more. Organizations that effectively use e-engineering technology reap the benefits of lower management costs and more responsive and informed decision making.

The third factor affecting the new economy is globalization. Globalization will become critical for HR professionals in the future.<sup>13</sup> As transaction costs decline, and as regulatory barriers fall to the pressure of market economics, the potential market for any one company's goods or services increases substantially.<sup>14</sup>

Fourth, the rise of the Internet and e-commerce are forcing organizations to reexamine current business practices. Employees are using Internet/Intranet systems for everything from requesting forms, applying for internal job openings to checking on assignments. Total sales are increasing and until another major breakthrough in technology occurs that produces a superior product to the Internet at a reasonable price, the use of the Internet will continue.

The last factor, deregulation, is defining how corporations serve their customers and compete against one another in the new economy. Deregulation can be seen by organizations as a new business opportunity or as threat to their business. Along with globalization and technology, deregulation is altering the structure, boundaries, and even definition of many industries.

In summary, the "New Economy" involves a more competitive, ever changing, technology driven environment in which business imperatives such as speed of service and digitization are critical to organizational success. It is an economy in which human resource leaders are

expected to play an essential role in transforming their organizations from the Industrial Age to the Information Age. It is an environment that transforms the HR professional from an administrator to strategist and functionary to player. The significance of the contributions of HR leaders to business success is expected to broaden in the coming years especially when faced by challenges in this "New Economy."

As the 21st century matures, HR managers are increasingly finding it necessary to "think out of the box" and find new ways to deliver services to users of those services. Several practices have emerged in the civilian industry that may be considered to be "out of the box" thinking. Army HR leaders are facing similar challenges in the era of transformation and can benefit from considering these practices.

### **EMERGING HUMAN RESOURCE PRACTICES**

What are some current HR transformation efforts in civilian industry? Human resource departments that restructure to streamline activities, leverage technology, and upgrade the talent of their organization will be well positioned to take on an important strategic role across the next half-decade.<sup>15</sup>

People, the human resources, who make up an organization, are its essential assets; in organizations where effective human resources have not been an integral part of management, they will have to become key players in order to achieve optimum success. Progressive human resources departments are beginning to take on a host of new strategic roles. Their leaders are being challenged to identify new business opportunities and emerging practices, resource talent in advance of need and take the lead on organizational alignment. What are some of the emerging practices in the civilian industry?

### **OUTSOURCING**

The use of outsourcing is one way to improve the effectiveness of an organization. Outsourcing is defined as "having an external vendor provide, on a recurring basis, a service that would normally be performed within the organization."<sup>16</sup> The most common reasons for outsourcing are to reduce headcount or reduce manufacturing cost and improve quality.<sup>17</sup>

Outsourcing is attracting increased attention from private and public sector business as a key contributor toward sustaining a competitive advantage.<sup>18</sup> Outsourcing, when used as a cost reduction method, allows a corporation to sustain the advantage over a like competitor. This method of off-loading generic or specific tasks and activities that are normally conducted in-house frees the core members of the organizational HR team for other duties. HR can then

focus constrained resources on critical activity central to the organization's current and future strategies.

Outsourcing does, however, have its drawbacks. As more work is outsourced, it becomes increasingly unclear that organizations are actually solving the underlying problems that led them to resort to this practice. Outsourcing also places contractual relationships outside the organization's sphere of direct influence, making them less accessible to improvement.

Over the last several decades, many private sector corporations have moved aggressively away from providing most of their own services.<sup>19</sup> Instead they have concentrated efforts on core functions of their businesses, while building alliances with suppliers for a vast range of products and services considered necessary but not core. Aggressively pursuing this type of effort to improve productivity requires a major change in the culture of the Department of Defense.<sup>20</sup>

As stated in the Quadrennial Defense Review (QDR) Report, the Department of Defense (DOD), in an effort to modernize its infrastructure and business processes, is attempting to streamline the organization's overhead and structure.<sup>21</sup> This undoubtedly means that many of the outsourcing changes in the future will not only affect the Army, but will also include the other uniformed services.

What will human resources professionals spend their time doing if much of their transactional work is outsourced? As more alternatives for performing transactional activities become available, HR departments that substantially use outsourcing will evolve toward smaller, more focused staff agencies. HR staffs should be able to add more value to their organizations by focusing on managing the business of human resources versus expending effort doing "nug" work.

#### SMART CARD TECHNOLOGY

Use of the smart card device continues to be explored by private sector corporations and is another promising initiative in the HR arena. The smart card is already extensively used in the telecommunications field, in the travel and entertainment area, by health and medical offices, and throughout numerous administrative departments in almost every type of business and industry. Financial institutions also issue the smart card to account holders to access their accounts and perform certain on-line transactions from their home or office.<sup>22</sup> As HR departments develop holistic "cradle to grave" support systems in their organizations, smart card technologies offer enabling tools for everything from personal identification, access to systems and records, on-line decision tools, and remote service.

## SELF-SERVICE, WEB-ENABLED TECHNOLOGY

Human Resources web enabled activities are as varied as companies themselves. What are the prominent services available from the industry? Most allow subordinates access to personal data maintenance, benefit inquiries, family status changes, pension plan data, training registration, and withholding and reductions information. Additionally, some companies offer access to time card entry and approvals, electronic paystubs, travel and expense management, leave management, budget analysis, and more.<sup>23</sup>

The building wave of technology, already upon us, focuses on pushing access to HR information out to employees and managers.<sup>24</sup> HR leaders should facilitate this by developing and deploying technologies capable of providing self-service access to employees and decision-support tools to managers in the immediate future.<sup>25</sup>

Civilian industries have delved heavily into web enabled and Internet technology. Investing heavily into technology for services can change the fundamentals of service provided to customers. Web-based, also known as knowledge based, technology offers the customer a broad array of online transaction capability and has revolutionized the traditional employer-employee relationship. HR departments are also looking for other alternatives to provide employee support. They are encouraging employees to check their own records for information and complete many transactions on line through self-service technology.

For civilian industry personnel, employers achieve strategic corporate objectives and at the same time employees gain more control and choice over the services they receive with hands-on selection of offered HR options. This method provides executives, managers, and employees with a single point of access to vital personnel information ranging from compensation and medical planning to performance appraisals.<sup>26</sup> The benefits include: improving customer intelligence; increasing productivity; efficiency, and accuracy; increasing collaboration internally and externally; streamlining operations; serving existing customers better; getting into new markets; and of course, reducing cost.<sup>27</sup> Achieving these benefits will undoubtedly allow HR managers the chance to provide more concentrated efforts and focus on other key administrative areas and issues that affect management decisions.

This emerging technology is not new to many corporations. It is high on many HR directors' wish lists because it can empower employees to act for themselves and saves time and money for managers and staff.<sup>28</sup> Several organizations have experienced considerable return on their investment. However, others have experienced less than expected cost savings in building self-service platforms. Most of the shortcomings revolve around infrastructure and managing call center costs. However, the shortcomings have not stopped companies from

expanding their use of self-service technology and Internet/Intranet communications for employees and managers. How do companies determine the effectiveness of the service they are providing employees? One way is to develop a system of metrics.

## METRICS AND ORGANIZATIONAL EFFECTIVENESS

As technology evolves and organizations become increasingly automated, HR civilian industry managers are developing measurement systems to determine effectiveness. Industry HR leaders are finding ways to provide the organization and its leaders with relevant workforce-related information and data that strengthens the organization's performance capabilities and enhances strategic business decisions.

In many organizations, HR departments that are unable to quantify their contributions to the bottom-line are being viewed as "overhead," implying that HR utilizes resources without adding value.<sup>29</sup>

Companies usually focus on three objectives of a human resource metrics system:<sup>30</sup>

- To align HR with the corporate strategy.
- To align HR with corporate goals such as productivity.
- To centralize metrics where employees are assigned centers of expertise, which they alone are responsible for measuring in terms of HR effectiveness and strategic compliance.

Developing metrics for the sake of developing metrics should never be endorsed. However, capturing HR's performance in terms that are relevant to a business can only add value to the organization. The key factor in identifying strategically aligned HR metrics is to start with business drivers and drill down to measurable HR results.<sup>31</sup> The objective is to identify the organization's business strategy and concrete business goals by first gaining a comprehensive and knowledgeable understanding of the organization's business environment, objective and strategy. Figure 1 shows an example of a human resource metric developed by GTE-Verizon. This metric is directly related to GTE's mission and strategy and measures HR's performance and worth to the company and value to their employees. Measuring HR is about knowing what a business wants. The metrics that are going to work in one company may be different from those in another company.<sup>32</sup> The key is to recognize that people are an important part of creating value for a company.<sup>33</sup>

In an effort to measure the bottom-line impact of HR services, GTE (now Verizon) developed its own balanced scorecard model. Garrett Walker, Director of HR Planning, Measurement and Analysis, consolidated 120 previously used metrics into a comprehensive measure, a balanced scorecard based on the model created by David Norton and Robert Kaplan.

GTE's HR Balanced Scorecard links a range of indicators to produce a quantitative assessment of HR's performance and measures. The balanced scorecard continually monitors the activities across the entire enterprise. The HR Balanced Scorecard also gauges whether the activities are driving the company toward success and allows managers to react to the data, predicting problems and focusing their energy on solutions for those problems rather than symptoms.

GTE measures the following five targets:

- |  |   |
|--|---|
| 0 Providing customer service and support , | Id Managing talent                      |
| 0 Developing world-class leadership        | Id Fostering organizational integration |
| 0 Increasing HR capability                 |   |

These indicators are grouped by four perspectives-strategic, customer, operational and financial. These metrics are value-driven and directly correlate to GTE's corporate mission and strategies. Human Resources is graded for its effectiveness in responding to 17 specific questions, detailed below.

**! Strategic Perspective ! Customer Perspective ! Operational Perspective ! Financial Perspective !**

- |   |   |   |  |
|---|---|---|--|
| 0 Does the company possess the talent needed to be successful in the future?                    | ~ Is GTE viewed as a great place to work?                           | 0 Are the company's staffing support systems fostering better recruiting and selection? | Id Is the company managing the cost of turnover/churn? |
| 0 Does the company possess the leadership bench strength needed to be successful                | ~ Is HR creating an environment that engages people?                | 0 Are the company's other HR processes/transactions efficient and effective?            | Id Are GTE's HR plans and programs competitive?        |
| 0 How is HR helping GTE's position in meeting customer service needs of its external customers? | ~ Is HR viewed as an enabler in attracting top talent at GTE?       | 0 Is the company using technology to improve HR efficiency?                             | Id Is GTE's HR service delivery cost effective?        |
| 0 Is HR creating an environment that encourages integration and shared vision?                  | ~ Is HR viewed as providing effective support systems to employees? |   | Id Is the company managing financial risk?             |
|   |   |   | Id What is GTE's return on investment in people?       |

GTE distributes the scorecard quarterly to its 98,000 domestic employees to publicly announce HR's performance: "the wide visibility of the scorecard has made a big difference. People are very focused on being accountable. Teamwork is crucial because in the end, it's the overall score that counts." By carefully measuring HR's performance, GTE made the HR function accountable and proved the department's value to its employees.

Source: Robert Grossman, "Measuring Up," *HRMagazine*; Charlene Marmer Solomon, "Putting HR on the Scorecard," *Workforce* (1 March 2000).

FIGURE 1. GTE'S HR BALANCED SCORECARD

## VARIABLE PAY AS COMPENSATION

Pay practices in the civilian industry vary from organization to organization. An increasing number of corporate organizations are embracing variable compensation plans in an effort to improve the work performance of their employees. What is variable pay? Variable pay is essentially any portion of the total target compensation that is not guaranteed. Companies provide variable pay above and beyond the base pay package to motivate individuals to achieve a specific goal or business objective.<sup>34</sup> By linking compensation to individual work performance, organizations can reward their employees based on individual as well as corporate

performance. Variable pay plans in civilian organizations are popular because they are funded by results, allowing organizations more flexibility on how to reward employees, giving employees more total earning potential, and fostering a feeling of ownership with the company.<sup>35</sup>

There are several types of variable pay plans to compensate employees. Annual bonus plans, individual incentive plans, key contributor plans, spot awards and small-group incentive plans are just some of the variable pay options offered by numerous organizations. Additionally, companies around the world are revising their traditional reward systems, moving toward less hierarchical, more flexible variable pay programs such as stock-based rewards, cash compensation, long-term incentives, etc.<sup>36</sup>

This emerging trend in the public and non-profit sector has been seen in the private sector for a long time. Research indicates that high-performing companies seem to be leaders in offering variable pay plans, which are more holistic and integrated types of rewards that include traditional, quantifiable elements such as salary and benefits.<sup>37</sup> All employees do not contribute at the same level; however, those who make the most valuable contributions to their organization's success are rewarded for their efforts.

Establishing employee trust is an essential factor in designing an effective compensation pay program. Employees must know that the organization is committed and forthright in using compensation to reward results and the goals must be reachable and achievable. Variable pay must be a "win-win" situation not only for the employee, but also for the organization.

Proponents of this program say it helps companies continually improve the workforce while getting and keeping the best people.<sup>38</sup> Opponents argue that incentive pay plans tend to pit employees against one another, erode trust and teamwork, and create what critics call dressed-up sweatshops.<sup>39</sup> Regardless of the pros or cons of a variable pay system, "the organizations that do indeed truly reward people consistently for performance outperform those that don't."<sup>40</sup>

Incentive pay is not the only way to keep valuable employees from leaving the organization. Coaching and mentoring expands the knowledge of junior leaders and gives them a feeling of importance in the organization's future.

## COACHING AND MENTORING

Mentoring junior leaders and executives is not a new concept. However, several formal and informal approaches to mentoring exist today in civilian industry. Each is designed with the objective of improving and developing the mentee's skills and knowledge necessary to perform in positions of higher leadership and ratchet up their competitive firepower. One important new

change is that companies no longer feel the need to do either mentoring or coaching in-house.<sup>41</sup> One of these organizational internal feedback mechanisms is Coach Assisted Mentoring.

Civilian industry defines coach-assisted mentoring as the process in which "a professional coach supervises the mentoring of a selected high-potential employee by a senior executive of the firm; intended to accelerate career development of high potentials as well as to develop coaching skills of senior executives."<sup>42</sup> Coach-assisted mentoring, unlike typical mentoring relationships in the corporate industry, involves hiring a professional coach from outside the organization as part of the mentoring process. This coach monitors the progress of those involved, ensuring effective mentoring takes place by focusing both parties on essential development objectives of the organization.<sup>43</sup>

There are several advantages to coach-assisted mentoring. The most compelling is it provides a skilled professional from outside the agency to help improve a manager's own mentoring and coaching skills. Disadvantages to this concept are the shortage of expert external coaches available for the program and cost.

Executive Coaching is another form of mentoring in the civilian industry. This form of mentoring involves pairing up the company's senior-level talent with executive coaches who may be either internal or external to the organization.<sup>44</sup> Executive Coaching may be used in combination with executive training to enhance skills, further development and/or prevent derailment.<sup>45</sup>

The three most prevalent trends in Executive Coaching are:<sup>46</sup>

- Feedback Coaching (one to three months) which provides immediate feedback to leaders in order to create a development plan to address specific needs.
- In-Depth Development Coaching (six to twelve months) which requires a close, long-term relationship between executives and coaches to address specific needs.
- Content Coaching (variable length) which provides leaders with knowledge and skills in specific content areas to heighten specific skill sets.

The most prevalent advantage to this method of mentoring is the confidential, objective third party approach to assist executives in resolving professional and work/life balance issues. Another advantage is the direct one-on-one assistance and expertise of the senior executive in business.<sup>47</sup> Despite the numerous benefits, Executive Coaching can fail for an abundance of reasons. The inabilities of executives and coaches to work well together, along with the lack of internal frameworks to support the process, are some of the most common reasons coaching

can fail. Failure can also occur by not selecting/matching the correct coach with the correct executive.<sup>48</sup>

A third method of mentoring is Reverse Mentoring. This form of mentoring pairs senior executives with more junior employees in order to tutor senior executives on a variety of topics and issues.<sup>49</sup> The goal is to share the knowledge that exists within the organization and expand the knowledge of senior leaders, enabling them to make better management decisions. Jerry Wind, Director of the Wharton Business School Fellows Program, says "Executives are beginning to realize that knowledge isn't a one-way street and that it is in everyone's best interest to share expertise."<sup>50</sup>

In Reverse Mentoring, "the mentor must learn what's important and how to show patience, and the student has to check his or her ego at the door."<sup>51</sup> The chairman of General Electric, Jack Welch, was a pioneer with this concept. He asked younger, more web-savvy colleagues to assist him in becoming familiar with Internet technology and to discuss potential web applications, encouraging his colleagues in senior management to forge relationships.<sup>52</sup>

#### HUMAN RESOURCE PRODUCT DEVELOPMENT TEAM

Another human resource initiative in the civilian industry that may be of use to the Army HR manager is the HR Product Development Team. The HR product development team is a technology development team housed in HR. Product development teams scan the external environment for technologies with possible HR application, create/test prototypes with the line, and refine best ideas for implementation.<sup>53</sup> Human resource development teams are recommended primarily in technology companies that are moving quickly to web-based business models. A case study on America Online (AOL) Corporation described their HR product development team as a high-speed, self-service application developer and creator of innovative HR products.

The director for HR technology at AOL states that the mission of their product development team is to identify emerging technologies with potential to revolutionize the way HR conducts certain business practices.<sup>54</sup> When they identify something that looks promising, they quickly develop a prototype to see if it works, they generate interest across the field, and then focus on developing a full-scale application for roll-out.<sup>55</sup> Imagine having a team of HR professionals with the task of identifying recent human resource technology advances that may be of use to the Army. Since the Army is moving many of its human resource practices to a web-based system, establishing a HR product development team could help speed research and development efforts.

## STRATEGIC INVESTMENT IN TRAINING DEVELOPMENT

Training has become increasingly vital to the success of any organization. Training plays a central role in nurturing and strengthening the core competencies of knowledge and expertise that give an organization the edge over a competitor. Several challenges exist in every organization. Some of the challenges include high turnover rate of key technical personnel, loss of experienced employees due to retirement, technology evolving faster than employee skills are learned and employee lack of computer and other information systems capability.

Almost every employee needs some training on an ongoing basis to maintain effective performance or to adjust to new ways of doing work. The key is to provide effective training that addresses those skill sets that employees need to do the job. In order to provide HR personnel the necessary experience and education they need to manage the systems of the future, we have to change our training methods.

In the civilian industry, e-learning has become a requirement for employees and for partners of the organization.<sup>56</sup> The use of online training in Cisco Systems Company was implemented to train employees at a faster rate than sending them away to training courses. "We can't centralize training in an organization that adds a new product every three days and a new company every three weeks."<sup>57</sup>

In the civilian industry, the new phrase centered around training is "time-to-performance." Time-to-performance is the amount of time it takes to train an employee versus the time they are away from the job. Some organizations like IBM have developed a tiered approach to training that involves classroom and computer-based instruction.<sup>58</sup> The sequence begins with:

1. Learning from information
2. Learning from interaction
3. Learning from collaboration
4. Learning from co-location

The new approaches to training systems involve web-based training, interactive games on the net, downloading of information and live virtual classroom instruction. The director of strategy for IBM Mindspan Solutions believes employees must do their homework on the first three levels before they enter the classroom. Failure to do so could risk bewilderment and wasted man-hours.<sup>59</sup> He also believes that the 4th sequence, which requires face-to-face instruction, is also very critical. Technology is an "enabler" of effective training programs and will never substitute for human interaction.<sup>60</sup>

There are several reasons why companies decide to implement e-training. E-training provides greater access to employees so training can be available to more personnel. It is

generally less costly than having personnel travel to designated training sites and the results can be evaluated and studied faster.

## **SCENARIO PLANNING**

How do civilian industry corporations stay ahead of their competition? A variety of exercise-driven activities are designed to identify potential discontinuous changes in the competitive environment. Scenario planning enhances a company's ability to analyze potential scenarios for indications of change that signal a shift in the skills or capabilities required by the corporation.

Civilian corporations are holding "idea labs," one-day workshops that occur five to six times per year and teach participants how to brainstorm new ideas and then how to translate those ideas into practical business opportunities. Idea labs apply a new perspective to business problem solving by allowing a panel of employees to determine which ideas would bring the greatest short term and/or long term return to the organization. They are also holding "action labs" one to two times per year as a five-day workshop designed to connect would-be entrepreneurs with others across the corporation whose experience, advice and counsel would be of value.

## **FUTURE CHALLENGES FOR HR IN THE NEW ECONOMY**

How can human resources teams help prepare an organization for the future? There is no way to guarantee the success of an organization. However, HR's ability to change some of the old ways of doing business and implement new practices will make a difference. In the civilian industry, the ability to generate new ideas and then turn those ideas into marketable products will determine the effectiveness of an organization.<sup>61</sup>

Industry HR experts believe broad changes in the competitive environment are requiring business leaders to define a new set of strategic priorities.<sup>62</sup> Civilian industry HR experts list imperatives that should be on the agenda of any corporation's senior executive team. Can any of these priorities be of use or value to the Army?

The first is redefining the organization's business model. Corporations will have to re-evaluate current business practices and redesign just about everything to be successful in the New Economy.<sup>63</sup> The Army is currently undergoing a transformation to an Objective Force and is re-evaluating everything from its warfighting concepts and doctrine to its structure. HR's role is to manage the effects of this change and communicate the strategy to the rest of the organization.

Reducing cycle time is the next priority. The most successful organizations in civilian industry will be those that are able to take advantage of new technology and market their product or service to the customer fastest.<sup>64</sup> The Army Objective Force must be rapidly deployable, responsive and adjust to changes quicker and faster than the enemy. HR needs to help prepare the organization to move faster and more effectively and support the human dimension of soldiering in every way possible.

Fostering innovation is the third priority. It involves creating a culture in which risk taking and failure are not frowned upon. In the civilian industry, leaders who embrace this will be winners as long as they can quickly build on failures and mistakes.<sup>65</sup> The Army encourages innovation, but mistakes which jeopardize the lives of military personnel, are unacceptable. Human resources along with other organizational leaders play a role in helping establish what the organization's culture should look like. Encouraging risk in an environment where failure can be healthy is the responsibility of the organization's leaders.

The fourth priority is securing the necessary talent that will manage both the new e-commerce ventures and traditional operations of the organization. The demand for the best and brightest talent will simply outweigh the supply. Corporations will have to work hard to attract and retain the necessary talent to lead them through new initiatives.<sup>66</sup> Human resources leaders must help secure that talent for the organization through recruiting efforts and creative ways to retain existing talent.

Strategic partnering is necessary for a corporation that cannot build all that it needs. Partnering is helpful when it is difficult to predict which technologies or capabilities will be necessary in the future. Forging relationships may be the best solution to "cover all bases." Human resources leaders must play a prominent role in securing and identifying new strategic partners and business opportunities for the organization.

Redefining the role of corporate headquarters is the last strategic priority. The emergence of the Internet and e-commerce raises a new set of questions as to what the proper role of the corporate center should be.

## **COMPARATIVE APPROACHES**

The Army struggles with many of the same challenges as any employer -- maintaining quality people, finding innovative staff, attracting talent and retaining that talent for the long term. Leadership and morale are crucial and employees need to feel they are valued by the organization and are making a positive contribution. Caring for our soldiers and their families is

a central function of HR impacting unit readiness. In the Army, and in civilian industry, soldiers want to be recognized for doing a good job, and they want to be appropriately paid for it.

The Army and its HR community have already taken advantage of some of the new ideas that have surfaced in the civilian industry. The Army, like civilian industry, is exploring the use of web-enabled technology. With web-enabled activities currently available and tested in several corporations, the future of self-service HR support looks bright for both the civilian industry and the Army. For the Army, this means soldiers need immediate and hands on access to their own records and files, allowing them to update selected personal data anywhere so long as they have access to a computer linked to the net.<sup>67</sup> The ability to consolidate a soldier's HR information in a centralized online location that allows private access helps create a personalized experience. The Army is currently working on the fielding of a joint web-based personnel and pay human resource system.<sup>68</sup> The challenges that HR personnel must overcome will be dealing with the employee loss of interpersonal support of a human being or a service center. It is critically important to ensure that all aspects of the system designed are easy to learn, user friendly and preclude mistakes.

Outsourcing is not a new phenomenon in America or the military, but it needs continual attention as lessons are learned. The military widely uses this practice in a variety of fields to include the health services, weapons maintenance, education and training.<sup>69</sup> Contractors provided support on battlefields as far back as the Revolutionary War.<sup>70</sup> In fact, the Eisenhower administration fashioned U.S. policy so it would not impede business.<sup>71</sup> Many Army organizations extensively use outsourcing to farm non-core organizational activities to vendors who specialize in these activities in order to execute them more efficiently. The success of these initiatives will depend heavily on the type and level of service provided by the supplier, a user-friendly web interface in which employees are not afraid to interact, and real cost benefit associated with the practice.

The Common Access Card, derived from the Smart Card, is ushering a new generation of personal identification and security for the military. It has opened a multitude of options for a variety of Department of Defense organizations and technically can serve as a personal photo and access identification card that provides personnel information history and other security and background information. Much work remains, however, on future uses and data base concerns.

Performance appraisal is another interesting area where civilian and military approaches may be merging. The norm for appraisals for decades in civilian industry included incorporating opinions of peers, subordinates, and superiors for a complete view of a worker's value.<sup>72</sup> The Army is considering potential use of a 360 degree assessment philosophy. Civilian companies

are adding assessment tools to the mix that rate employees on ethics and integrity and are tying performance appraisals to the corporate mission statement and putting greater emphasis on accountability and differentiation.<sup>73</sup> This approach in civilian industry is similar to the one already used through the Army Officer and Enlisted Evaluation and Reporting System.

The use of the Internet to share knowledge and information is another approach used by both the civilian industry and the military. Both use it to share information from organizational structure and make-up to point-of-contact information. Today HR departments are using it to foster learning and to present workforce information, and are thus becoming key strategic players in organizations.<sup>74</sup>

## **CONCLUSION**

We are at the start of a new millennium. Times are changing and it is imperative that the Army as well as many of its HR practices change with the times. Progress has been made, but much more work remains to be done. Now is the opportune time to ask, "What can Army human resource leaders leverage and learn from civilian industry HR and how should business be conducted in the 21st Century?" Many significant changes and challenges have characterized the transformation of civilian industry human resources. The Army should expect to be confronted with many of the same challenges since many of its practices and systems mirror the civilian industry. It is vitally important through transformation to improve manning systems across the full spectrum of operations.

How well the overall HR transformation is accomplished depends on leadership and how well the leaders develop the ends, ways and means to achieve the Army transformation as well as its personnel transformation vision. The personnel community is only part of a larger team and every member must do his or her part and do it with teamwork. Quality leadership, quality people, and quality service are pillars for a 21st Century effective Army. We must have human resources policies, systems, and professionals supporting competent strategic leaders to quickly adapt the best practices and best tools from civilian industry in order to support our force.

WORD COUNT = 6,013

## ENDNOTES

<sup>1</sup>Corporate Leadership Council, Five Propositions for Organizing HR in the New Economy, Volume I (Washington, D.C.: Corporate Executive Board, 1999), 38.

<sup>2</sup>Dave Ulrich, R. Michael Losey, and Gerry Lake, Tomorrow's HR Management (New York, NY: John Wiley & Sons, Inc., 1997), 84.

<sup>3</sup>Donald H. Rumsfeld, Quadrennial Defense Review Report (Washington, D.C.: U.S. Department of Defense, September 2001), 40.

<sup>4</sup>*Ibid.*, 41.

<sup>5</sup>*Ibid.*, 49.

<sup>6</sup>*Ibid.*, 41.

<sup>7</sup>*Ibid.*, 51.

<sup>8</sup>*Ibid.*, 52.

<sup>9</sup>*Ibid.*, 41.

<sup>10</sup>Office of the Assistant Secretary of Defense, Rewarding, Organizing and Managing People for the 21st Century: Time for a Strategic Approach (Washington, D.C.: U.S. Government Printing Office, June 1997), 2.

<sup>11</sup>Corporate Leadership Council, Five Propositions for Organizing HR in the New Economy, Volume I, viii.

<sup>12</sup>Jennifer Hutchins, "How to Make the Right Voluntary Benefit Choices," Workforce (March 2002): 48.

<sup>13</sup>Ulrich, Losey, and Lake, 303.

<sup>14</sup>Corporate Leadership Council, A Higher Calling: Redefining Human Resource's Priorities and Role in the New Economy (Washington, D.C.: Corporate Executive Board, 2000), 2.

<sup>15</sup>Corporate Leadership Council, Transforming The Human Resources Function: Eight Practices for Organizing HR in the New Economy, Volume II (Washington, D.C.: Corporate Executive Board, 1999), 15.

<sup>16</sup>Office of the Assistant Secretary of Defense, Rewarding, Organizing and Managing People for the 21st Century, 181.

<sup>17</sup>Ulrich, Losey, and Lake, 178.

<sup>18</sup>Office of the Assistant Secretary of Defense, Rewarding, Organizing and Managing People for the 21st Century, 181.

<sup>19</sup>Rumsfeld, 53.

<sup>20</sup>Ibid.

<sup>21</sup>Ibid.

<sup>22</sup>James L. Call, Jr., Smart Cards: An Enabler for Army Personnel Transformation, Strategy Research Project (Carlisle Barracks: U.S. Army War College, 10 April 2001), 8

<sup>23</sup>Corporate Leadership Council, "Chartering the Frontier of Web-Based Self-Service Functionality," July 2001; available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>; Internet; accessed 19 December 2001.

<sup>24</sup>Corporate Leadership Council, Five Propositions for Organizing HR in the New Economy, Volume I, 65.

<sup>25</sup>Ibid., 65.

<sup>26</sup>Janet Wiscombe, "Using Technology to Cut Cost," Workforce (September 2001): 47.

<sup>27</sup>Ibid.

<sup>28</sup>Susan F. Sandler, "Self Service Tips From the Pros," HRfocus 78 (October 2001): 12.

<sup>29</sup>Corporate Leadership Council, "The Evolution of HR Metrics," May 2001; available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>; Internet; accessed 15 December 2001.

<sup>30</sup>Ibid.

<sup>31</sup>Ibid.

<sup>32</sup>Carroll Lachnit, et al., "The Workforce 80," Workforce (January 2002): 32.

<sup>33</sup>Ibid.

<sup>34</sup>Corporate Leadership Council, "Variable Pay in the Public, Private and Non-Profit Sectors," March 2001; available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>; Internet; accessed 18 December 2001.

<sup>35</sup>Ibid.

<sup>36</sup>Ibid.

<sup>37</sup>Ibid.

<sup>38</sup>Janet Wiscombe, "Can Pay for Performance Really Work," Workforce (August 2001): 28.

<sup>39</sup>Ibid.

<sup>40</sup>Ibid.

<sup>41</sup>Susan F. Sandler, "Mentoring & Coaching Help Employees Grow," HRfocus 78 (September 2001): 11.

<sup>42</sup>Corporate Leadership Council, "Coach Assisted Mentoring," May 2001; available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>; Internet; accessed 18 December 2001.

<sup>43</sup>Ibid.

<sup>44</sup>Corporate Leadership Council, "Executive Coaching," January 2000; available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>; Internet; accessed 10 January 2002.

<sup>45</sup>Ibid.

<sup>46</sup>Ibid.

<sup>47</sup>Ibid.

<sup>48</sup>Ibid.

<sup>49</sup>Samual Greengard, "Moving Forward with Reverse Mentoring," Workforce (March 2002): 15.

<sup>50</sup>Ibid.

<sup>51</sup>Ibid.

<sup>52</sup>Ibid.

<sup>53</sup>Corporate Leadership Council, Transforming The Human Resources Function, 101.

<sup>54</sup>Ibid., 107.

<sup>55</sup>Ibid.

<sup>56</sup>Corporate Leadership Council, "E-Learning Initiatives," July 2001; available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>; Internet; accessed 18 December 2001.

<sup>57</sup>Ibid.

<sup>58</sup>Jill Elswick, "Training Thrust into Strategic Spotlight," Benefitnews.com July 2001; available from <<http://www.benefitnews.com/>>; Internet; accessed 28 Jan 2002.

<sup>59</sup>Ibid.

<sup>60</sup>Ibid.

<sup>61</sup>Corporate Leadership Council, Innovation and Agility: Leveraging Organizational Resources to Sustain Growth (Washington, D.C.: Corporate Executive Board, 2001), 15.

<sup>62</sup>Corporate Leadership Council, A Higher Calling: Redefining Human Resource's Priorities and Role in the New Economy, 4.

<sup>63</sup>Ibid.

<sup>64</sup>Ibid.

<sup>65</sup>Ibid.

<sup>66</sup>Ibid.

<sup>67</sup>Department of the Army, Personnel Transformation, TRADOC Pamphlet 525-54 Draft (Fort Monroe, VA: U.S. Department of the Army Training and Doctrine Command, 1 May 2001), 6.

<sup>68</sup>Army Deputy Chief of Staff for Personnel, "An Army of One," briefing slides with scripted commentary, Washington, D.C., U.S. Army Deputy Chief of Staff for Personnel, December 2000.

<sup>69</sup>Office of the Assistant Secretary of Defense, Rewarding, Organizing and Managing People for the 21st Century, 181.

<sup>70</sup>James H. Ward, John C. Deal, and Drew Hamilton, "Outsourcing Pits Mission vs. Money," Government Executive Magazine April 2001; available from <<http://www.govexec.com/>>; Internet; accessed 5 November 2001.

<sup>71</sup>Ibid.

<sup>72</sup>Lachnit, 33.

<sup>73</sup>Ibid.

<sup>74</sup>Ibid.

## BIBLIOGRAPHY

- Bohlander, George, Scott Snell, and Arthur Sherman. Managing Human Resources. Cincinnati, OH: South-Western College Publishing, 2001.
- Byrne, John A. Jack: Straight From the Gut. New York, NY: Warner Books, Inc., 2001.
- Call, James L., Jr. Smart Cards: An Enabler for Army Personnel Transformation. Strategy Research Project. Carlisle Barracks: U.S. Army War College, 10 April 2001.
- Clark, Timothy B. "Creating Smarter Solutions for Conducting Business." Government Executive (December 2001): 42, 62.
- Collins, Ruth B. "Personnel Redesign: The Concept." White paper for the Army. Fort Jackson, SC: AG School, 14 August 2000.
- Corporate Leadership Council. A Higher Calling: Redefining Human Resource's Priorities and Role in the New Economy. Washington, D.C.: Corporate Executive Board, 2000.
- \_\_\_\_\_. "Chartering the Frontier of Web-Based Self-Service Functionality." April 2001. Available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>. Internet. Accessed 19 December 2001.
- \_\_\_\_\_. "Coach Assisted Mentoring," May 2001. Available from <http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html> Internet. Accessed 18 December 2001.
- \_\_\_\_\_. "E-Learning Initiatives." July 2001. Available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>. Internet. Accessed 18 December 2001.
- \_\_\_\_\_. "The Evolution of HR Metrics." May 2001. Available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>. Internet. Accessed 15 December 2001.
- \_\_\_\_\_. "The Evolution of HR Organizational Structures." September 2001. Available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>. Internet. Accessed 15 December 2001.
- \_\_\_\_\_. Five Propositions for Organizing HR in the New Economy, Volume II. Washington, D.C.: Corporate Executive Board, 1999.
- \_\_\_\_\_. Innovation and Agility: Leveraging Organizational Resources to Sustain Growth. Washington, D.C.: Corporate Executive Board, 2001.
- \_\_\_\_\_. Transforming the Human Resources Function: Eight Practices for Organizing HR in the New Economy, Volume I. Washington, D.C.: Corporate Executive Board, 1999.
- \_\_\_\_\_. "Variable Pay in the Public, Private and Non-Profit." March 2001. Available from <<http://www.Corporateleadershipcouncil.com/CLC/1,1283,,00.html>>. Internet. Accessed 18 December 2001.

- Elswick, Jill. "Training Thrust into Strategic Spotlight." Benefitnews.com July 2001. Available from <<http://www.benefitnews.com/>>. Internet. Accessed 28 Jan 2002.
- Greengard, Samuel. "Moving Forward with Reverse Mentoring." Workforce (March 2002): 15.
- Hutchins, Jennifer. "How to Make the Right Voluntary Benefit Choices." Workforce (March 2002): 42-48.
- Kettering, Charles F. "Supporting The Army Transformation." Briefing slides with scripted commentary. Fort Jackson: U.S. Army Soldier Support Institute, April 2000.
- Krames, Jeffrey A. The Jack Welch Lexicon of Leadership. New York, NY: McGraw-Hill Companies, Inc., 2002.
- Lachnit, Carroll. "The Workforce 80." Workforce (January 2002): 22-56.
- Maude, Timothy J., "The Army's Personnel Transformation for the Future." White paper for the Army. Washington, D.C., 1 December 2000.
- Pelod, Alon. "Outsourcing and Political Power." Public Personnel Management (Winter 2001): 495-496.
- Rumsfeld, Donald H. Quadrennial Defense Review Report. Washington, D.C.: The Pentagon, September 2001.
- Sandler, Susan F. "Incentive Pay Plans: Which Ones Work.....and Why." HRfocus 78 (April 2001): 3-4.
- \_\_\_\_\_. "Mentoring & Coaching Help Employees Grow." HRfocus 78 (September 2001): 1 and 14.
- \_\_\_\_\_. "How to Become a Strategic Partner." HRfocus 78 (August 2001): 1, 13-15.
- \_\_\_\_\_. "Self Service Tips From the Pros." HRfocus 78 (October 2001): 12-13.
- Ulrich, Dave, R. Michael Losey, and Gerry Lake. Tomorrow's HR Management. New York, NY: John Wiley & Sons, Inc., 1997.
- U.S. Army Deputy Chief of Staff for Personnel. "An Army of One: Personnel Transformation." Briefing slides with scripted commentary. Washington, D.C.: U.S. Army Deputy Chief of Staff for Personnel, December 2000.
- U.S. Department of the Army. Personnel Transformation. TRADOC Pamphlet 525-54 Draft. Fort Monroe, VA: U.S. Department of the Army Training and Doctrine Command, 1 May 2001.
- U.S. Office of the Assistant Secretary of Defense. Rewarding, Organizing and Managing People for the 21st Century: Time for a Strategic Approach. Washington, D.C.: U.S. Government Printing Office, June 1997.

Ward, James H., John C. Deal, and Drew Hamilton. "Outsourcing Pits Mission vs Money." Government Executive Magazine April 2001. Available from <<http://www.govexec.com/>>. Internet. Accessed 5 November 2001.

Wiscombe, Janet. "Can Pay for Performance Really Work." Workforce (August 2001): 28-34.

\_\_\_\_\_. "Using Technology to Cut Cost." Workforce (September 2001): 46-51.